

President's News Conference on Foreign and Domestic Matters

Following is a transcript of President Reagan's news conference last night in Washington, as recorded by The New York Times:

OPENING STATEMENT

I have an opening remark or two, before I get to the questions.

Hardly a day passes that I don't hear from hardworking Americans who, through no fault of their own, face serious financial problems; a machinist whose plant has closed; a working mother that's worried about the future of her job; the farmer and small businessman caught in the financial crunch.

This recession, and the long years of Government mismanagement that led up to it, have taken a heavy toll on the lives of too many of our people.

What hurts and angers me the most about this suffering is the fact that it didn't have to be this way. We could have avoided it, or prevented these problems years ago, by the simple exercise of responsibility in Government.

When this Administration took office, we found America in the worst economic mess since the days of Franklin Roosevelt. With support from the people, we passed a long-term program to save the economy, promote recovery and create jobs without reigniting runaway inflation and higher interest rates.

Urges Congress to Act

And the overwhelming majority of Americans, especially those 80 million who are working, are beginning to see some real hope. Inflation has been cut more than in half; interest rates are heading down and there are other signs that we're heading toward a good recovery.

We still have a long way to go. But together we've pulled America back from the brink of disaster. We're better off today than we were.

And the Congress can spur recovery

by acting now to keep inflation and interest rates coming down and to help us create some productive jobs. Before they leave Washington for a campaign, I urge members of Congress to devote their energies to essential economic legislation.

We need speed bills that hold the line on the budget. Only 3 of 13 regular appropriation bills have passed the House and Senate, with only two days left in the fiscal year.

A constitutional amendment to balance the budget, supported by the people and passed by the Senate, is being led up by the liberal leadership in the House.

An export trading bill, that can create several hundred thousand new jobs without costing taxpayers a cent, is delayed in conference.

And a private sector job-training bill, that can help more than a million unemployed Americans per year, also awaits action this week.

To those who are sitting on these bills while pretending all problems began Jan. 21, 1981, I must ask did these men really sleep through the America of 1987? Don't they remember the unprecedented misery of double-digit inflation, climbing unemployment and record interest rates?

No, we haven't solved 20 years of problems in our first 20 months in office. But we have made a beginning where others failed to act. I just wish those who bear such a heavy burden for oversteering and taxing us into this recession could resist playing politics with the problems they caused, and get on now with the course to lasting recovery.

Now, Helen, it's your turn.

QUESTIONS AND ANSWERS

Massacres in Lebanon

Q. Mr. President, when the Palestinian fighters were forced to leave Beirut, they said that they had America's word of honor that they would be allowed to leave. They said that they had America's word of honor that they would be allowed to leave. They said that they had America's word of honor that they would be allowed to leave.

A. Helen, I think the manner in which Jeanne said it — and she's talked to me about it — was one about the responsibility of all of us back over a period of time with regard to the separation of divisions in Lebanon, the whole matter of the Middle East and not doing more to bring about peace that we're trying so hard now to get.

I don't think that specifically there could be assigned a responsibility on our part for withdrawing our troops. They were sent in there with one understanding. They were there to see and make sure that the P.L.O. left Lebanon. And that mission was completed virtually without incident and they left. Then who could have foreseen the assassination of the President-elect that led to the other violence and so forth.

Q. Then why did you give orders to our representative at the U.N. to vote against an inquiry to find out how it happened and why?

A. As I understand it there were things additional that we were concerned about. We have never voted anything, and we will not hold still for, such things as sanctions and such things as voting Israel out of the U.N. Now I can't call exactly now what it was that caused our vote to be negative on that. But the Lebanese and we are apparently going forward with such an inquiry.

Economy as Election Issue

Q. Mr. President, at least four months ago you said that we had strong and lasting recovery was not far away. Now you're saying that we're heading out of the recession. Inflation and interest rates are dropping but business failures, unemployment are continuing to rise and leading economic indicators seem to be likely to drop. So what does this say for Republican chances in November, and who should the voters be looking for the Administration's economic figures?

A. Well, if they honestly face up to the issue and cut through all the demagoguery and rhetoric that they're going to hear, the things that have been accomplished by this Administration were not accomplished before, and all of the things that are still not resolved now had started long before we got here. Unemployment, for example has been on the rise for more than a decade and particularly in the last seven years — it's really coming on an average 7 percent over those seven years. In those seven years, under the policies of the Democrats, \$80 billion was spent on job programs supposed to solve that problem. And they didn't solve it. And certainly the rate of increase in unemployment in the last six months of 1980 was just about as great as it's been at any time since.

I remember campaigning myself on the very fact that what we were seeing in many parts of the country where I was campaigning amounted to depression, not recession. Now if the people will add up who's been in charge, who was running the store, and this is the eighth time we've had one of these economic crises since World War II — and the last time, almost entirely, the Congress took control, now had been dominated by one party, and while there's been a Republican President, they were not persuaded by a Legislature of the other persuasion. And I think we have to look back and see what brought us to this point that brought us to almost a trillion-dollar debt, and then weigh it against the progress in 20 months that has brought the interest rate down

today the Bankers Trust lowered it to 13.

Economy and Election

Q. In the upcoming November election, how much of that do you see as a referendum on your Presidency and on your economic program? And if Republicans don't do well in these elections, how might you modify the economic program?

A. Well, first of all, you have to abide a little bit by tradition, that in that first off-year election of any new Administration, normally there are no real setbacks. Now, my opponents are saying that they would hope to achieve 20 additional seats. Now, I think I'm saying that they would like to see 30 or 38 and so they would like to be able to say, "Oh, well, it's better than we did." I think we thought we were going to do. Well, all I can tell you is we're going to do our best to see if we can't do better than them.

John?

Plan for Exiting Lebanon

Q. Mr. President, do you have a plan for getting the United States out of Lebanon if fighting should break out there? Or could the Marine presence there lead to an escalation of the situation as Vietnam?

A. No, I don't see anything that that kind of escalation would lead to. The Marines are going in there into a situation with a definite understanding that we're not going to be successful in seeing the other foreign forces leave Lebanon and then as such time as I can't say that the situation will be in hand, we'll depart.

If fighting should break out again, would you pull the Marines out?

A. You're asking a hypothetical question, and I've found out that I never get in trouble if I don't answer one of those.

Sam?

Blame for Recession

Q. Mr. President, in talking about the continuing recession tonight, you blame it on the Democrats. Do any of the blame belong to you?

A. Yes, because for many years I was a Democrat.

Q. But does any of the blame for the last 18 months? The Democrats in Congress say they gave you your tax program; they gave you almost all the budget cuts you used. You predicted that the very psychological passage of the tax program would cause the economy to start up. But it hasn't.

A. I believe that all the indices that have been true in the other several recessions are there and are evident for — four quarters we have seen — a growth in the gross national product. We have seen that for the first time in several years — an increase in real earnings for the people, because of our battle against inflation. I've said, the interest rates coming down to where they are.

And when we started that we were told by experts that inflation was built into the economy and would take at least a decade to get control of it. The very thing that that kept progressing is the thing that, as I say, started and has been going on over several years, which is the unemployment situation.

Now we know from history that is the last to recover. And that's what you could call a curve and at the corner, going around the corner or curve by every index — the evidence that the need for even greater budget cuts and so on our way out of this. And the some blue-chip economists who get together and there are stories all the time of people right on the margin, people in the margin of poverty, denied a benefit here or an eligibility there, while tax cuts make life more comfortable for the middle-class. And my question is why should you not be held responsible for these conditions?

Policy on Busing

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Now, there we've had declarations from both countries that they want to do that. So I am reasonably optimistic about that. I have no way to judge about when the Lebanese Government — the Lebanese Government will be the ones that tell us when they feel that they're in charge and they can go home.

Q. Are you then saying that they will remain there until all foreign forces are withdrawn?

A. Yes, because I think that's going to come rapidly. I think they're going to see the situation — our Marines will be in tomorrow morning, as I said, because the Israelis have agreed to withdraw to that line south of the airport.

Relations With Soviet

Q. Mr. President, taking into account the rhetoric on both sides over the situation in Poland, Afghanistan, the arms reduction talks are going on, the Siberian natural gas pipeline and the renewed grain sale agreement, how do you assess the United States-Soviet relationship now, 20 months into your term in office?

A. I think there's a pretty good understanding on the part as to where we stand, and I can only say this: in 20 months — and I'm going to knock on wood — the Soviet Union, which has been expanding over the years vastly in the territory and the people coming under its control, they haven't expanded an extra square inch since we've been here. So maybe we do have an understanding of each other.

Now, today I had a call from George Shultz. He has met for three hours with Ambassador Gromyko, and he said it was a serious discussion, a wide-ranging discussion and they're going to resume it on Monday, so we're not standing off and ignoring each other.

Position on Tax Increase

Q. Mr. President, your aides are currently at work on a new budget that you will present to Congress next year. Knowing of your great distaste for taxes and tax increases, can you tell me the American people what you will flatly rule out any tax increases, revenue enhancers or specifically an increase in the gasoline tax?

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Waste in the Military

Q. Your budget director once said that he thought there was a kind of swamp of \$10- to \$20- to \$30 billion worth of waste in the military budget. Those are his words. Are you confident that you can ferret out that much waste in a military budget or do you think you'll have to adjust Social Security cut further into social programs?

A. I don't know whether that — when that figure or what it was based on. But I think that in these 20 months great progress has been made due to the Secretary's diligence in that respect with the Defense budget. We also have a citizens' task force that's going into every department of Government, and it is in the Defense Department looking for management mispractices for those things that can be modern business practices and be put to work to make them better.

I told Cap once that I thought that he betrays a lack of political skill in that he found savings of some \$35 billion, and he made the savings and then submitted the budget. And I said, Cap, you should have submitted the budget with the \$35 billion in and then found them afterward. But he'd said before.

But I think that it's becoming efficient. You stop to think the greatest portion of the Defense budget is the men and women in uniform which was literally the starvation level before we came in and improved it.

A. Yes, Ralph.

Sale of Jets to Israel

Q. Mr. President, shortly before the Israeli invasion of Lebanon, the Administration informally notified Congress that it was planning to send more F-16s to Israel. There's been no formal notification since then. Is the delay linked to difficulties in relations with Israel? When do you think formal notification will go up and under what circumstances?

A. They're still on that and we haven't sent the formal notification up, very frankly, it was simply because in the climate of things that were going on, we didn't think it was the time to do it. However, there's nothing that says that some of these things that are in the pipeline, spare parts, ammunition, things of that kind. The only thing that we have actually withheld, after the controversy that came on in Lebanon, was the artillery shell, the so-called cluster shell. Yes, Ted.

Football Negotiations

Q. Mr. President, you've told us that you're sending Marines to Lebanon for a limited amount of time and yet you haven't told us what the limit is. Can you give a general idea of how long you expect them to stay there and see them accomplish before they withdraw?

A. No, I'm not less optimistic. I'm also not deluding myself that it's going to be easy. Basically, what we have in this peace proposal is a situation where, on one side territory that's held and on the other side security. And what has to be negotiated out is a kind of exchange of territory for security.

Goals of Peace Initiative

Q. That's very kind of you. I just wanted to ask you, since you said you were sending Marines to Lebanon to undermine your peace initiative, whether you are less optimistic about its chances, because of the massacre and the going of the Jews in Beirut?

A. No, I'm not less optimistic. I'm also not deluding myself that it's going to be easy. Basically, what we have in this peace proposal is a situation where, on one side territory that's held and on the other side security. And what has to be negotiated out is a kind of exchange of territory for security.

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Yes, Sarah.

Mission of the Marines

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And another fairness question: do you think the players and owners are being fair with us millions of fans?

A. Well, I have to comment on their affairs and involve myself in all — there doesn't seem to have been the consideration for the fan that there could have been, and should have been. They do seem to be very far apart, however, in their goals. Sometimes I thought we ran the Soviet Actors Guild better than that.

Stance on Job Policies

Q. Mr. President, I'd like to go back to the question of jobs. On Long Island yesterday more than 400 job applicants showed up for fewer than 300 jobs at a new hotel that was opening. And there's speculation that on Oct. 3, when the new unemployment figures come out they'll reach double digits, the highest level since the Depression. And I'm wondering if there's a point at which these high levels of unemployment become unacceptable to you, and you will reconsider some of your policies to try to deal with it?

A. Well let me tell you. Those levels are unacceptable to me as long as there's one person unemployed who wants a job and can't find one. And I've said before, maybe there's some others in the room who remember the first hand, job-hunting in the Great Depression. I do vividly. And I don't know of anything that bothers me more than this situation. In those days, of course, there weren't any provisions, as there are now, for unemployment insurance or help or anything for quite some time.

It is possible that we might touch 10 percent, I hope not. But if we do, I would also like to point out that there is a higher percentage of the eligible workers in the land than we could consider to be everyone over age 16, man and woman — that there is a higher percentage employed today than has been true even in the past, in times of full employment. I've used the year 1983 when unemployment was 2.5 percent, they didn't have as big a percentage. So it isn't all that great. What has happened is, a greater percentage of adult Americans have been employed before. But we believe — I wish there was an instant answer — we believe the answer lies in what we're doing to inflation, which in turn will bring down interest rates and which in turn will, as people are able to afford homes and people will once again be able to look at home mortgages and build homes, buy automobiles, and so forth. We know that for the last several months there has been an increase in auto sales.

Now, this is not ideal. You've got to remember these figures are a little volatile — that you look at what in the chart line. And there are dips in it. They'll come up. This grating month when the figures are released, we think that August has been in a kind of doldrums and it's a slow dip. But that'll be a glitch. It won't be down lower than what it's been for the last several months. But we believe that rather than artificial programs that make for dead-end and temporary jobs, as we've had the past, they don't last. They aren't permanent and they also just bring the bringing back of a solid base to the economy. We think they're all going to establish that solid base. And that is the hope for the unemployed.

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